

FAMILIES FIRST, INC.
AND SUBSIDIARY

CONSOLIDATED FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORT
AND SUPPLEMENTAL INFORMATION
JUNE 30, 2015 AND 2014

FAMILIES FIRST, INC. AND SUBSIDIARY

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BROOKS, MCGINNIS & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

TWO PREMIER PLAZA

5607 GLENRIDGE DRIVE, SUITE 650

ATLANTA, GEORGIA 30342

(404) 531-4940
FAX: (404) 531-4950

MEMBER OF AICPA
WWW.BROOKSMCGINNIS.COM

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
of Families First, Inc.:

Report on the Financial Statements

We have audited the accompanying financial statements of Families First, Inc. and Subsidiary (a nonprofit organization) (the Agency), which comprise the statements of financial position as of June 30, 2015 and 2014, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Families First, Inc. and Subsidiary as of June 30, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the accompanying schedule of state awards expended are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 24, 2015, on our consideration of the Agency's internal control over financial reporting and on our tests of the compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.

Brooks, McMinis & Company, LLC

Atlanta, Georgia
September 24, 2015

FAMILIES FIRST, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
ASSETS		
Cash and cash equivalents	\$ 4,800,747	\$ 1,224,280
Interest receivable	17,490	10,250
Accounts receivable, net	629,598	720,565
Pledges receivable, net (annual fund/programs)	595,329	460,603
Capital campaign pledges receivable, net	5,897,018	-
Prepaid expenses and other assets	72,005	152,979
Certificate of deposit	2,500,000	-
Investments	12,150,397	10,301,275
Cash restricted for capital campaign	1,159,415	-
Property and equipment, net	<u>4,267,244</u>	<u>1,550,855</u>
Total assets	<u>\$ 32,089,243</u>	<u>\$ 14,420,807</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	\$ 406,773	\$ 543,422
Accrued compensated absences	116,834	106,298
Advances under grants and contracts	31,988	35,048
Line of credit	250,000	-
Note payable	<u>2,500,000</u>	<u>-</u>
Total liabilities	<u>3,305,595</u>	<u>684,768</u>
Commitments and contingencies		
Net assets:		
Unrestricted	13,219,529	9,686,885
Temporarily restricted	10,021,822	3,506,857
Permanently restricted	<u>5,542,297</u>	<u>542,297</u>
Total net assets	<u>28,783,648</u>	<u>13,736,039</u>
Total liabilities and net assets	<u>\$ 32,089,243</u>	<u>\$ 14,420,807</u>

The accompanying notes are an integral part of these financial statements.

FAMILIES FIRST, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015
(WITH COMPARATIVE TOTALS FOR 2014)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2015	Total 2014
Revenues, gains and other support:					
Contributions	\$ 1,227,667	\$ 8,448,949	\$ 5,000,000	\$ 14,676,616	\$ 1,971,882
Government fees and grants	3,027,382	-	-	3,027,382	3,152,091
Purchase service contract fees	1,977,711	-	-	1,977,711	1,835,142
Program service fees	708,321	-	-	708,321	837,684
United Way	1,037,008	-	-	1,037,008	990,640
In-kind donations	358,583	-	-	358,583	166,024
Miscellaneous	114,467	2,811	-	117,278	106,515
Interest and dividends on investments	355,860	102,388	-	458,248	252,110
Net realized gains on investments	45,807	30,788	-	76,595	211,898
Net unrealized gains (losses) on investments	(101,710)	(71,280)	-	(172,990)	1,041,170
Gain on sale of assets	3,515,988	-	-	3,515,988	-
Net assets released from restrictions	1,998,691	(1,998,691)	-	-	-
Total revenues, gains and other support	14,265,775	6,514,965	5,000,000	25,780,740	10,565,156
Expenses and losses:					
Program Services:					
Child and Youth Permanency	4,576,924	-	-	4,576,924	4,090,106
Family Sustainability and Empowerment	1,778,323	-	-	1,778,323	1,990,024
Healthy Families and Relationships	1,924,181	-	-	1,924,181	1,855,604
Total program services	8,279,428	-	-	8,279,428	7,935,734
Supporting Services:					
Fundraising	868,406	-	-	868,406	697,584
Management and general	1,585,297	-	-	1,585,297	1,356,086
Total supporting services	2,453,703	-	-	2,453,703	2,053,670
Total expenses and losses	10,733,131	-	-	10,733,131	9,989,404
Change in net assets	3,532,644	6,514,965	5,000,000	15,047,609	575,752
Net assets, beginning of year	9,686,885	3,506,857	542,297	13,736,039	13,160,287
Net assets, end of year	\$ 13,219,529	\$ 10,021,822	\$ 5,542,297	\$ 28,783,648	\$ 13,736,039

The accompanying notes are an integral part of these financial statements.

FAMILIES FIRST, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2014
Revenues, gains and other support:				
Contributions	\$ 859,003	\$ 1,112,879	\$ -	\$ 1,971,882
Government fees and grants	3,152,091	-	-	3,152,091
Purchase service contract fees	1,835,142	-	-	1,835,142
Program service fees	837,684	-	-	837,684
United Way	990,640	-	-	990,640
In-kind donations	166,024	-	-	166,024
Miscellaneous	103,152	3,363	-	106,515
Interest and dividends on investments	181,219	70,891	-	252,110
Net realized gains on investments	158,570	53,328	-	211,898
Net unrealized gains on investments	780,256	260,914	-	1,041,170
Net assets released from restrictions	<u>1,332,279</u>	<u>(1,332,279)</u>	<u>-</u>	<u>-</u>
Total revenues, gains and other support	<u>10,396,060</u>	<u>169,096</u>	<u>-</u>	<u>10,565,156</u>
Expenses and losses:				
Program Services:				
Child and Youth Permanency	4,090,106	-	-	4,090,106
Family Sustainability and Empowerment	1,990,024	-	-	1,990,024
Healthy Families and Relationships	<u>1,855,604</u>	<u>-</u>	<u>-</u>	<u>1,855,604</u>
Total program services	<u>7,935,734</u>	<u>-</u>	<u>-</u>	<u>7,935,734</u>
Supporting Services:				
Fundraising	697,584	-	-	697,584
Management and general	<u>1,356,086</u>	<u>-</u>	<u>-</u>	<u>1,356,086</u>
Total supporting services	<u>2,053,670</u>	<u>-</u>	<u>-</u>	<u>2,053,670</u>
Total expenses and losses	<u>9,989,404</u>	<u>-</u>	<u>-</u>	<u>9,989,404</u>
Change in net assets	406,656	169,096	-	575,752
Net assets, beginning of year	<u>9,280,229</u>	<u>3,337,761</u>	<u>542,297</u>	<u>13,160,287</u>
Net assets, end of year	<u>\$ 9,686,885</u>	<u>\$ 3,506,857</u>	<u>\$ 542,297</u>	<u>\$ 13,736,039</u>

The accompanying notes are an integral part of these financial statements.

FAMILIES FIRST, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2015

	Program Services				Supporting Services			
	Child and Youth Permanency	Family Sustainability and Empowerment	Healthy Families and Relationships	Total Program Services	Fundraising	Management and General	Total Supporting Services	Total Expenses
Salaries, payroll taxes and benefits	\$ 2,972,753	\$ 806,195	\$ 1,405,908	\$ 5,184,856	\$ 314,517	\$ 957,996	\$ 1,272,513	\$ 6,457,369
Conferences, education and meetings	37,750	9,053	16,427	63,230	2,473	34,526	36,999	100,229
Equipment	5,696	1,974	2,667	10,337	-	-	-	10,337
Insurance	41,351	18,909	30,861	91,121	2,514	43,065	45,579	136,700
Transportation and vehicles	108,580	10,903	35,020	154,503	765	7,121	7,886	162,389
Miscellaneous	32,285	11,131	91,994	135,410	3,901	90,638	94,539	229,949
Interest expense	-	-	-	-	-	38,747	38,747	38,747
Bad debt expense	3,000	36,000	51,385	90,385	28,496	12,000	40,496	130,881
Rent and building maintenance	223,584	569,472	130,369	923,425	66,136	65,828	131,964	1,055,389
Office supplies	25,090	5,633	12,256	42,979	1,556	11,529	13,085	56,064
Outside services	308,406	174,195	75,862	558,463	1,916	189,345	191,261	749,724
Program supplies	41,142	57,577	27,125	125,844	4,434	9,788	14,222	140,066
Fundraising and special events	-	-	-	-	138,116	-	138,116	138,116
Capital campaign fundraising	-	-	-	-	190,046	-	190,046	190,046
Gift in kind expenses	-	6,674	-	6,674	107,109	-	107,109	113,783
Special assistance - Family Dev. Ctr.	-	34,409	-	34,409	-	-	-	34,409
Special assistance - Foster Care	648,455	412	2,897	651,764	-	1,506	1,506	653,270
Telephone	41,697	19,879	33,623	95,199	1,972	7,960	9,932	105,131
Brokerage and investment fees	-	-	-	-	-	33,910	33,910	33,910
Total expenses before depreciation	4,489,789	1,762,416	1,916,394	8,168,599	863,951	1,503,959	2,367,910	10,536,509
Depreciation	87,135	15,907	7,787	110,829	4,455	81,338	85,793	196,622
Total expenses	<u>\$ 4,576,924</u>	<u>\$ 1,778,323</u>	<u>\$ 1,924,181</u>	<u>\$ 8,279,428</u>	<u>\$ 868,406</u>	<u>\$ 1,585,297</u>	<u>\$ 2,453,703</u>	<u>\$ 10,733,131</u>

The accompanying notes are an integral part of these financial statements.

FAMILIES FIRST, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2014

	Program Services				Supporting Services			
	Child and Youth Permanency	Family Sustainability and Empowerment	Healthy Families and Relationships	Total Program Services	Fundraising	Management and General	Total Supporting Services	Total Expenses
Salaries, payroll taxes and benefits	\$ 2,638,947	\$ 966,435	\$ 1,402,270	\$ 5,007,652	\$ 286,832	\$ 921,616	\$ 1,208,448	\$ 6,216,100
Conferences, education and meetings	27,934	11,122	20,399	59,455	438	21,028	21,466	80,921
Equipment	3,304	656	-	3,960	-	549	549	4,509
Insurance	44,706	18,745	29,844	93,295	2,455	25,982	28,437	121,732
Transportation and vehicles	117,441	16,331	36,307	170,079	158	3,615	3,773	173,852
Miscellaneous	31,780	5,857	107,194	144,831	3,783	88,054	91,837	236,668
Interest expense	-	-	-	-	-	2,241	2,241	2,241
Bad debt expense	3,000	30,000	-	33,000	26,496	30,000	56,496	89,496
Rent and building maintenance	171,811	617,689	100,160	889,660	8,692	28,979	37,671	927,331
Office supplies	14,306	3,952	8,573	26,831	1,216	9,997	11,213	38,044
Outside services	338,491	166,508	82,566	587,565	1,813	166,140	167,953	755,518
Program supplies	29,434	53,983	31,084	114,501	2,346	7,920	10,266	124,767
Fundraising and special events	-	-	-	-	155,535	-	155,535	155,535
Capital campaign fundraising	-	-	-	-	27,620	-	27,620	27,620
Gift in kind expenses	-	40	-	40	165,984	-	165,984	166,024
Special assistance - Family Dev. Ctr.	-	53,897	-	53,897	-	-	-	53,897
Special assistance - Foster Care	521,430	2,500	35	523,965	-	2,374	2,374	526,339
Telephone	38,102	19,239	28,960	86,301	1,505	6,724	8,229	94,530
Brokerage and investment fees	-	-	-	-	-	33,597	33,597	33,597
Total expenses before depreciation	3,980,686	1,966,954	1,847,392	7,795,032	684,873	1,348,816	2,033,689	9,828,721
Depreciation	109,420	23,070	8,212	140,702	12,711	7,270	19,981	160,683
Total expenses	<u>\$ 4,090,106</u>	<u>\$ 1,990,024</u>	<u>\$ 1,855,604</u>	<u>\$ 7,935,734</u>	<u>\$ 697,584</u>	<u>\$ 1,356,086</u>	<u>\$ 2,053,670</u>	<u>\$ 9,989,404</u>

The accompanying notes are an integral part of these financial statements.

FAMILIES FIRST, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities:		
Change in net assets	\$ 15,047,609	\$ 575,752
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Contributions restricted for capital campaign	(7,698,383)	-
Contributions restricted for permanent endowment	(5,000,000)	-
Endowment funds appropriated for expenditure	842,790	862,934
Gain on sale of assets	(3,515,988)	-
Depreciation expense	196,622	160,683
Amortization of net investment premium	1,399	895
Net realized and unrealized (gains) losses on investment securities	96,395	(1,253,068)
Changes in assets and liabilities:		
(Increase) decrease in:		
Interest receivable	(7,240)	(1,481)
Accounts receivable, net	90,967	(139,279)
Pledges receivable, net (annual fund/programs)	(134,726)	69,630
Prepaid expenses and other assets	80,974	(41,095)
Increase (decrease) in:		
Accounts payable and accrued expenses	(136,649)	73,318
Accrued compensated absences	10,536	41,671
Advances under grants and contracts	(3,060)	4,853
Total adjustments	<u>(15,176,363)</u>	<u>(220,939)</u>
Net cash provided by (used in) operating activities	<u>(128,754)</u>	<u>354,813</u>
Cash flows from investing activities:		
Purchase of certificate of deposit	(2,500,000)	-
Purchase of investments	(3,298,252)	(1,784,057)
Proceeds from sale of investments	1,351,336	2,599,987
Endowment funds appropriated for expenditure	(842,790)	(862,934)
Purchase of property and equipment	(2,960,633)	(85,967)
Proceeds from sale of assets	3,563,610	-
Cash restricted for capital campaign	<u>(1,159,415)</u>	<u>-</u>
Net cash used in investing activities	<u>(5,846,144)</u>	<u>(132,971)</u>

(Continued on next page.)

The accompanying notes are an integral part of these financial statements.

FAMILIES FIRST, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS – CONTINUED
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
Cash flows from financing activities:		
Cash proceeds collected for capital campaign	1,801,365	-
Contributions restricted for permanent endowment	5,000,000	-
Draws on line of credit	300,000	200,000
Repayments on line of credit	(50,000)	(200,000)
Borrowings on note payable	<u>2,500,000</u>	<u>-</u>
Net cash provided by financing activities	<u>9,551,365</u>	<u>-</u>
Net increase in cash and cash equivalents	3,576,467	221,842
Cash and cash equivalents, beginning of year	<u>1,224,280</u>	<u>1,002,438</u>
Cash and cash equivalents, end of year	\$ <u><u>4,800,747</u></u>	\$ <u><u>1,224,280</u></u>
Supplemental disclosure of cash flow information:		
Interest paid	\$ <u><u>38,747</u></u>	\$ <u><u>2,241</u></u>
Income taxes paid	\$ <u><u>1,430</u></u>	\$ <u><u>2,374</u></u>

The accompanying notes are an integral part of these financial statements.

FAMILIES FIRST, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

1. Nature of Organization and Significant Accounting Policies

Families First, Inc. and Subsidiary (the Agency) is a nonprofit corporation that is the product of several mergers of nonprofit voluntary social service agencies in Atlanta, Georgia dating back to 1890. The Agency is a member of the United Way of Greater Atlanta and The Alliance for Children and Families. It is accredited by the Council on Accreditation of Services to Families and Children, Inc. The Agency's programs fall into three impact areas:

Child and Youth Permanency: The objective of this impact area is to provide each child with a safe, nurturing life-long family, and includes adoption, foster care, community building and transition to adulthood services.

Family Sustainability and Empowerment: This impact area provides housing-based programs promoting healthy environment, self-sufficiency, child safety, and battles poverty, homelessness, mental illness and substance abuse.

Healthy Families and Relationships: This impact area provides families with the support they need to tackle life's challenges and transitions, through parenting skills training, counseling on mental health, support groups dealing with family issues, and school programs that prepare children for success and enhance parent-child communications.

In August 2014, the Agency began a \$13 million capital campaign to fund the purchase and renovation of its future headquarters (Families First Resource Center) and other capital and long term plans as further described in Note 4. In September 2014, the Agency sold the site of its current location on West Peachtree Street in Midtown Atlanta and purchased property for its future headquarters located on Lowery Boulevard in Atlanta's Westside community. The Agency entered into a lease agreement with the purchaser of its Midtown location, including 13 months' rent free, while the new site of its headquarters is being renovated.

The Agency has raised approximately \$10,700,000 toward its capital campaign goal, including \$3,000,000 designated from the sale of the Midtown property. The Agency has begun renovation of its future headquarters with a goal of completing in spring of 2016.

Principles of Consolidation

The consolidated financial statements include the accounts of the Agency and its wholly owned subsidiary, Families First Endowment Trust (the Trust).

FAMILIES FIRST, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

1. Nature of Organization and Significant Accounting Policies – Continued

Financial Statement Presentation

The Agency is required to report information regarding its financial position and activities according to three classes of net assets (unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets) based upon the existence or absence of donor-imposed restrictions, as follows:

Unrestricted Net Assets – Net assets that are not subject to donor-imposed restrictions. Items that increase or decrease this net asset category include program service fees and related expenses associated with the core activities of the Agency. In addition to these exchange transactions, changes to this category of net assets include investment income and unrestricted contributions.

Temporarily Restricted Net Assets – Net assets subject to donor-imposed restrictions that may or will be met either by actions of the Agency or the passage of time. Items that affect this net asset category are restricted contributions including pledges for which restrictions have not been met.

These amounts are reclassified to unrestricted net assets when such restrictions are met or have expired. This category also includes earnings on endowment funds not yet appropriated for expenditure.

Permanently Restricted Net Assets – Net assets subject to donor-imposed restrictions to be maintained permanently by the Agency. Items that affect this net asset category include gifts wherein donors stipulate that the corpus be held in perpetuity (primarily gifts for endowment) and only the income be made available for program operations or other purposes as specified by the donor.

Basis of Accounting

The Agency maintains its accounts on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

Income Taxes

The Agency is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code, as amended, and is classified by the Internal Revenue Service as other than a private foundation. Accordingly, no provisions for federal and state income taxes have been recorded in the accompanying financial statements. The Agency is subject to unrelated business income tax on its parking lot revenue. The Agency's income tax returns are subject to examination by the appropriate regulatory authorities for all the open years, which typically include the last three years filed.

FAMILIES FIRST, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

1. Nature of Organization and Significant Accounting Policies – Continued

Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at fair value based on quoted market prices with all gains and losses reported in the statements of activities.

Advertising Expense

Advertising costs are expensed as incurred.

Property and Equipment

The Agency follows the practice of capitalizing all expenditures for property and equipment in excess of \$500. Property and equipment are stated at cost or estimated fair value at time of donation. Depreciation is computed by the straight-line method over the estimated useful lives as stated below. At June 30, 2015 and 2014, the estimated useful lives of property and equipment were as follows:

Buildings and building improvements	10 - 30 years
Furniture, equipment, and vehicles	3 - 7 years

Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Agency reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Agency reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Beneficial Interest in Charitable Trust

The Agency is the beneficiary of two charitable trusts. The Agency receives contributions from the trusts which are recorded as revenue when received.

FAMILIES FIRST, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

1. Nature of Organization and Significant Accounting Policies – Continued

Donated Equipment, Material, Supplies and Services

All non-cash gifts (other than personal services) are recorded at their estimated fair value at date of receipt. Contributed services are reflected in the financial statements at the fair value of the services received. Contributions of services are recognized if the services received (a) create or enhance non-financial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Approximately \$113,000 and \$166,000 of donated services and supplies were received during the years ended June 30, 2015 and 2014, respectively, and have been recognized as support and expense in these financial statements. In September 2014, the Agency sold the site of its current location in Midtown Atlanta, and began renting the property from the purchaser for a period of 24 months. The Agency will receive the first 13 months rent free. Approximately \$245,000 of donated rent was received for the year ended June 30, 2015 and has been recognized as support and expense in these financial statements.

Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Comparative Totals

Comparative totals included in the 2015 consolidated statements of activities should be read in conjunction with the 2014 consolidated financial statements from which the summarized information was derived.

Grants and Contracts

For the years ended June 30, 2015 and 2014, the Agency received approximately 14% and 32%, respectively, of its funding (excluding investment income and gain on sale of assets) through the State of Georgia Department of Human Services. Receivables arise from reimbursements owed through these government contracts. The Agency's ability to collect amounts due is affected by the acceptance of reimbursable expenses and performance-based outcomes, which meet contract requirements. Additionally, the Agency received approximately 5% and 11%, respectively, of its funding for the years ended June 30, 2015 and 2014 from the United Way.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

FAMILIES FIRST, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

1. Nature of Organization and Significant Accounting Policies – Continued

Cash and Cash Equivalents and Concentration of Credit Risk

Cash and cash equivalents include demand deposits and money market accounts. For purposes of the statements of cash flows, the Agency considers all short-term, interest-bearing deposits with original maturities of three months or less to be cash equivalents.

The demand deposit balances in the Agency's bank accounts, as reflected in the bank's records, are insured by the Federal Deposit Insurance Corporation up to \$250,000 as of June 30, 2015. The demand deposit balances exceeded federally insured limits by \$4,606,638 and \$62,397 as of June 30, 2015 and 2014, respectively. The balances in the Agency's money market accounts, as reflected in the financial institution's records, are insured by the Securities Investors Protection Corporation up to \$500,000 in securities protection that includes protection for up to \$250,000 in non-invested cash. Uninsured money market funds as of June 30, 2015 and 2014 totaled \$3,220,620 and \$570,734, respectively. Management believes that cash and investments are maintained at financial institutions with high credit ratings that would, accordingly, carry a low risk of potential loss.

Reclassification of Amounts

Certain amounts previously reported have been reclassified to conform to the current year financial statement presentation. Such reclassifications had no effect on changes in net assets.

2. Accounts Receivable, Net

Accounts receivable consist of the following at June 30:

	<u>2015</u>	<u>2014</u>
Georgia Department of Human Services:		
Foster Care	\$ 175,670	\$ 169,423
Other (Adoption and Parenting Time)	<u>203,507</u>	<u>224,324</u>
	379,177	393,747
Other receivables	<u>347,869</u>	<u>409,553</u>
Total accounts receivable	727,046	803,300
Less allowance for uncollectible accounts	<u>(97,448)</u>	<u>(82,735)</u>
Accounts receivable, net	<u><u>\$ 629,598</u></u>	<u><u>\$ 720,565</u></u>

FAMILIES FIRST, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

3. Pledges Receivable, Net

Pledges receivable, net (annual fund/programs) at June 30 are as follows:

	2015	2014
Unrestricted as to purpose	\$ 274,100	\$ 56,286
Restricted purpose:		
Mental Health counseling for women and children	200,000	300,000
Healthy Babies/Healthy Moms initiative	-	119,764
Ways to Work initiative	-	12,500
Make it Click	10,000	10,000
Weaver Gardens	10,000	-
Doula	132,766	-
Other programs	11,725	685
	638,591	499,235
Less allowance for uncollectible amounts	(43,262)	(38,632)
Pledges receivable, net	\$ 595,329	\$ 460,603
Amounts due in:		
Less than one year	\$ 445,329	\$ 260,603
One to five years	150,000	200,000
Pledges receivable, net	\$ 595,329	\$ 460,603

4. Capital Campaign Pledges Receivable, Net

In August 2014, the Agency began a \$13 million capital campaign to fund the purchase and renovation of its new headquarters (Families First Resource Center), fund an estimated \$1.2 million capital improvement and maintenance fund, fund \$1.8 million over five years to support the Continuous Quality Improvement (CQI)/ Practice Based Research (PBR) outcome measures function, and add \$1 million to the endowment fund to support vital programs in the future. Pledges receivable in connection with the capital campaign are recorded at net realizable value upon receipt. Contributions to be received after one year are discounted at 2%, commensurate with the risks involved. Amortization of the discount is recorded as additional contribution revenue and utilized in accordance with donor imposed restrictions on the contribution.

FAMILIES FIRST, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

4. Capital Campaign Pledges Receivable, Net - Continued

Capital campaign pledges receivable consisted of the following at June 30, 2015:

Amounts due in:	
Less than one year	\$ 5,487,634
One to three years	814,477
Less:	
Discount on pledges receivable	(37,487)
Allowance for uncollectible pledges	<u>(367,606)</u>
Capital campaign pledges receivable, net	<u>\$ 5,897,018</u>

5. Investments

Investment Policy

The Endowment Committee of the Agency established an investment policy for the purpose of providing general guidelines for the prudent investment of its endowment assets. The Endowment Committee has fiduciary responsibility for directing and monitoring the investment management of the assets. Per the Endowment Trust By-Laws, this committee is authorized to establish relationships and delegate responsibilities to financial institutions to manage the assets. The Committee meets quarterly to review investment performance and to discuss investment options.

Investments consist of eleven funds in fiscal 2015 and ten funds in fiscal 2014. Each fund has its own investment policy, due to the nature of the fund and the corresponding investment spending policy.

FAMILIES FIRST, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

5. Investments – Continued

Investment Policy – Continued

The investment policy target ranges for each fund fall within the guidelines below:

	<u>Equity</u>	<u>Fixed Income</u>	<u>Cash</u>
General Fund	60%	35%	5%
Pension Reversion Fund	60%	35%	5%
Capital Campaign Funds:			
1987 campaign - for Weaver Gardens and program evaluation	30%	50%	20%
1996 campaign - for Community Strategies	30%	50%	20%
2001 campaign - for Second Chance Home and property maintenance	30%	50%	20%
Information Technology Fund	30%	50%	20%
Whitehead Foster Care Fund	60%	35%	5%
Memorial Trusts Adoption	60%	35%	5%
Carol Dunlap Reiser Fund	60%	40%	-
Restricted pooled funds	60%	35%	5%
Whitehead Evaluation Fund	60%	35%	5%

Investment Assets

The Agency classifies its investment assets based on the sources of information used to establish their fair values, as follows:

Level 1 – Quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access.

Level 2 – Inputs to the valuation methodology that are derived principally from or corroborated by observable market data:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the assets or liabilities;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – Inputs that are unobservable and significant to the overall fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

FAMILIES FIRST, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

5. Investments – Continued

Investment Assets – Continued

The Agency's direct investments in equity securities consist exclusively of investments in exchange-traded companies or mutual funds. Accordingly, the Agency's direct investments in equity security investments are Level 1 investments. Money market funds are carried at cost, which approximates fair value.

The Agency's fixed income investments consist primarily of debt securities issued by corporations. Substantially all of the Agency's fixed income securities trade actively among dealers. Accordingly, the Agency's fixed income investments are classified as Level 1 investments. None of the Agency's investments are Level 3 investments.

Investments consist of the following at June 30:

	<u>2015</u>	<u>2014</u>
Mutual Funds:		
Exchange Traded Funds	\$ 113,971	\$ 108,350
Equity Funds	7,690,693	6,690,804
Exchange Traded Bond Funds	149,213	-
Open End Bond Funds	2,273,609	2,269,707
	<u>10,227,486</u>	<u>9,068,861</u>
Bonds:		
Corporate	1,475,354	860,052
Stocks:		
Preferred	447,557	372,362
Total investments	<u>\$ 12,150,397</u>	<u>\$ 10,301,275</u>

6. Property and Equipment

Components of property and equipment consist of the following at June 30:

	<u>2015</u>	<u>2014</u>
Land and improvements	\$ 1,125,664	\$ 483,064
Buildings and building improvements	3,713,724	4,658,495
Furniture, equipment and vehicles	1,620,621	1,509,034
	<u>6,460,009</u>	<u>6,650,593</u>
Less accumulated depreciation	<u>(2,495,739)</u>	<u>(5,122,990)</u>
	3,964,270	1,527,603
Pre-construction costs	302,974	23,252
Total property and equipment, net	<u>\$ 4,267,244</u>	<u>\$ 1,550,855</u>

FAMILIES FIRST, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

6. Property and Equipment – Continued

Depreciation expense for the years ended June 30, 2015 and 2014 was \$196,622 and \$160,683, respectively.

7. Line of Credit

The Agency maintains a line of credit arrangement with a bank that has a maximum amount available of \$500,000. Interest only is payable monthly and is calculated at the London Inter-bank Offered Rate plus 2.25% (2.44% and 2.40% at June 30, 2015 and 2014, respectively). The balance outstanding as of June 30, 2015 was \$250,000. There was no outstanding balance as of June 30, 2014. The balance of this line of credit is payable on demand.

8. Note Payable

In September 2014, the Agency obtained a loan from a local bank to assist with the purchase of property for its new headquarters (Families First Resource Center). Interest only is payable monthly and is calculated at the London Inter-bank Offered Rate plus 1.55% (1.74% at June 30, 2015). The principal plus any accrued interest will be due on September 30, 2017. The outstanding balance on this note payable is \$2,500,000 at June 30, 2015. All deposits and investments maintained by the Agency with the bank including a \$2,500,000 certificate of deposit represent collateral on this note.

9. Permanently and Temporarily Restricted Net Assets

Permanently restricted net assets consist of three donor restricted endowment funds for which the income and gains are used to support the following three purposes:

- 1) A trust to be maintained in perpetuity to support the special needs of children in the Agency's foster care program.
- 2) A trust to be maintained in perpetuity to support adoption services.
- 3) A trust to be maintained in perpetuity to support annual costs of evaluating and measuring the effectiveness of the Agency's programs.

Permanently restricted net assets (corpus) totaled \$5,542,297 and \$542,297 at June 30, 2015 and 2014, respectively. Accumulated earnings on these permanently restricted endowment funds are classified as temporarily restricted until appropriated for expenditure for the intended purpose.

FAMILIES FIRST, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

9. Permanently and Temporarily Restricted Net Assets – Continued

Temporarily restricted net assets are comprised of funds the Agency has received subject to donor imposed restrictions. Temporarily restricted net assets consisted of the following at June 30:

	<u>2015</u>	<u>2014</u>
Pledges receivable	\$ 364,491	\$ 442,949
Capital Campaign pledges receivable, net	5,897,018	-
Capital Campaign collections	1,159,415	-
Unappropriated earnings on permanently restricted funds (adoption and foster care)	1,300,994	1,349,672
Community Strategies	31,177	105,721
Second Chance/Property Maintenance	438,213	567,000
Scholarships, staff travel, special needs	407,364	412,213
Scholarships	162,452	162,626
Information technology	34,882	62,027
Healthy Babies/Healthy Moms initiative	159,616	139,006
Teenage Pregnancy and Parenting	-	62,917
Various other purposes	<u>66,200</u>	<u>202,726</u>
Total temporarily restricted net assets	<u>\$ 10,021,822</u>	<u>\$ 3,506,857</u>

10. Endowment Funds

The Uniform Management of Institutional Fund Act (UPMIFA) provides standards for charities to use in managing their investment and spending from endowments. UPMIFA applies to funds held by charitable entities. The duty of the charity's managers is to comply with donor intent with respect to gift funds as expressed in the gift instrument. The managers must comply with the duty of the loyalty and must manage and invest the funds "in good faith and with the care of an ordinarily prudent person in a like position would exercise under similar circumstances." Costs incurred in the management of the funds must be appropriate and reasonable. Funds may be pooled for management and investment.

Decisions about individual assets must be made as part of an overall investment strategy and investments must be diversified. The institution, subject to the intent of the donor expressed in a gift instrument, "may appropriate for expenditure or accumulate so much of an endowment fund as the institution determines prudent for the uses, benefits, purposes, and duration for which the endowment fund is established." The institution must act in good faith, with the care of an ordinarily prudent person in a like position would exercise under similar circumstances.

FAMILIES FIRST, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

10. Endowment Funds – Continued

Endowment net assets by type of fund and related changes consisted of the following as of June 30, 2015 and 2014:

<u>2015</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 8,171,001	\$ 2,659,258	\$ 542,297	\$ 11,372,556
Contributions	-	-	5,000,000	5,000,000
Investment income	455,135	-	-	455,135
Net appreciation of investments	(55,903)	(40,492)	-	(96,395)
Appropriation of endowment assets for expenditure	(599,106)	(243,684)	-	(842,790)
Endowment net assets, end of year	<u>\$ 7,971,127</u>	<u>\$ 2,375,082</u>	<u>\$ 5,542,297</u>	<u>\$ 15,888,506</u>
<u>2014</u>				
Endowment net assets, beginning of year	\$ 7,575,683	\$ 2,612,355	\$ 542,297	\$ 10,730,335
Investment income	252,087	-	-	252,087
Net appreciation of investments	938,826	314,242	-	1,253,068
Appropriation of endowment assets for expenditure	(595,595)	(267,339)	-	(862,934)
Endowment net assets, end of year	<u>\$ 8,171,001</u>	<u>\$ 2,659,258</u>	<u>\$ 542,297</u>	<u>\$ 11,372,556</u>

The Board of Directors of the Agency established the endowment spending policy in order to provide guidelines for the use of the Agency's endowment funds to accomplish the Agency's mission and assure good stewardship of the assets. As part of the development and approval of the Agency's annual budget, management submits the proposed endowment spending for the upcoming fiscal year to the Finance, Endowment and Executive Committees for review and approval. The budget then goes to the full Board for approval. If, during the budget year, it is determined that annual endowment spending needs will exceed the approved levels, Agency management must provide a new budget for the Board's review and approval prior to the change in spending.

FAMILIES FIRST, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

10. Endowment Funds – Continued

Endowment Spending Policy

The spending policy guidelines for each investment fund are as follows:

General Fund	Fund general Agency overhead expenses; spending will average 4-5% of the three-year rolling average of the fund balance at March 31st.
Pension Reversion Fund	Fund the pension plan at \$75,000 annually.
Capital Campaign Funds: 1987 campaign	Fund capital, maintenance and program expenses for Weaver Gardens and Program Evaluation and Continuous Quality Improvement based on the operating budget.
1996 campaign	Fund program expense for Community Strategies.
2001 campaign	Fund program expenses for Second Chance Home and property maintenance.
Information Technology Fund	Fund future technology needs.
Whitehead Foster Care Fund	Earned income will fund needs of children in Foster Care.
Memorial Trusts Adoption	Earned income will fund adoption unit expenses.
Carol Dunlap Reiser Fund	Fund will provide \$2,500 scholarships annually to young female clients of the Agency.
Restricted pooled funds	Fund will provide post secondary scholarship annually to former foster home clients of the Agency.
Whitehead Evaluation Fund	Fund annual costs of evaluating and measuring the effectiveness of the Agency's programs; spending will average 3-5% of the three-year rolling average of the fund balance at March 31st. Until a three year average can be determined, withdrawals from the Fund may not exceed 4%.

FAMILIES FIRST, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

11. Lease Commitments

The Agency has several non-cancelable operating leases, primarily for leased facilities, that expire over future years and provide for renewal options. Future minimum lease payments under non-cancelable operating leases as of June 30, 2015 are:

<u>For Year Ending June 30:</u>	<u>Space Rental</u>	<u>Equipment Rental</u>	<u>Total</u>
2016	\$ 190,460	\$ 26,988	\$ 217,448
2017	65,190	8,996	74,186
Total minimum lease payments	<u>\$ 255,650</u>	<u>\$ 35,984</u>	<u>\$ 291,634</u>

For the years ended June 30, 2015 and 2014, total rent expense for operating leases was approximately \$702,286 and \$514,101, respectively.

12. Commitments and Contingencies

The Agency is subject to legal actions arising in the ordinary course of business. In management's opinion, the Agency has adequate legal defenses and insurance coverage with respect to such actions, and their final outcome will not materially affect the Agency's operations or financial position.

Certain federally funded programs are routinely subject to special audit. The audit reports, which are prepared by the auditors for the Agency pursuant to specific regulatory requirements, are required to be submitted to both the Agency and various federal agencies. Such agencies have the authority to determine liabilities as well as to limit, suspend, or terminate the federal programs. Since the Agency does not expect claims to arise as a result of such audits, no provision for liabilities, if any, has been provided in the consolidated financial statements.

The Agency entered into various contracts during fiscal 2015 related to the construction project for the renovation of its new headquarters (Families First Resource Center). Construction began in September 2015 and total construction costs are estimated to be approximately \$5,000,000. Commitments outstanding at June 30, 2015 as a result of these contracts total approximately \$3,800,000.

FAMILIES FIRST, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

13. Employee Benefit Plans

The Agency maintains a 401(k) retirement plan covering all employees with more than 1,000 hours of service annually, after one year of service. Each year, participants may elect to have a portion of their compensation contributed to the plan on a pretax basis pursuant to the IRS Code section 401(k) as defined in the Plan, or effective July 1, 2011, on a post-tax basis to a Roth account. Participants direct the investment of their contribution into various investment options offered by the Plan.

Effective January 1, 2010, the Plan was amended to become a safe-harbor plan. Under safe-harbor, the first 3% of participant deferrals are matched at 100% and a 50% match of the next 2% of employee deferrals (or 1%). Employees are able to receive a total of 4% in match if they defer 5% of their wages. For the years ended June 30, 2015 and 2014, total pension expense relating to the Agency's defined contribution plans was \$87,382 and \$89,936, respectively.

14. Subsequent Events

Subsequent events have been evaluated by management through September 24, 2015, which is the date that the financial statements were available to be issued. There are no additional subsequent events other than as disclosed in the accompanying financial statements.

FAMILIES FIRST, INC.
AND SUBSIDIARY

REPORTS AND OTHER SCHEDULES AND INFORMATION
AS REQUIRED BY OMB CIRCULAR A-133
FOR THE YEAR ENDED JUNE 30, 2015

FAMILIES FIRST, INC. AND SUBSIDIARY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-through Grantor's Number	Federal Expenditures
U.S. Department of Health and Human Services:			
Pass-through from the Georgia Department of Human Services:			
Affordable Care Act (ACA)			
Personal Responsibility			
Education Program (PREP) - 2014	93.092	42700-040-0000022349	\$ 13,715
Education Program (PREP) - 2015	93.092	42700-040-0000033310	<u>18,914</u>
Sub-total CFDA No. 93.092			<u>32,629</u>
Access and Visitation - Parenting Time	93.563	42700-401-0000031246	<u>130,347</u>
Statewide Adoption Services	93.659	42700-040-0000023412	224,800
Adoption Resource Center	93.659	42700-040-0000019894	465,160
Reunion Registry	93.659	42700-040-0000019893	<u>246,732</u>
Sub-total CFDA No. 93.659			<u>936,692</u>
Pass-through from DeKalb County Department of Family & Children Services (DFCS):			
Child Welfare Services- Teenage Pregnancy and Parenting (TAPP) - 2014	93.556	334-2650	24,726
Pass-through from Gwinnett County Department of Family & Children Services (DFCS):			
Chispa - 2014	93.556	334-3520	<u>22,560</u>
Sub-total CFDA No. 93.556			<u>47,286</u>
Pass-through from Substance Abuse and Mental Health Services Administration Center (SAMHSA):			
SAMHSA 2014	93.243	5H79SMO59088-05	112,699
SAMHSA 2015	93.243	5H79SMO59088-05 Revised	<u>188,296</u>
Sub-total CFDA No. 93.243			<u>300,995</u>
Pass-through from Centers for Medicare and Medicaid Services and Amerigroup Corp, subsidiary of Anthem, Inc.:			
COACHES	93.610	1C1CMS331323-01-01	<u>379,273</u>
U.S. Department of Housing and Urban Development:			
Transitional Housing Program - 2014	14.235	GA0040L4B021305	<u>80,572</u>
Sub-total CFDA No. 14.235			<u>80,572</u>

(Continued on next page.)

See accompanying notes to Schedule of Expenditures of Federal Awards.

FAMILIES FIRST, INC. AND SUBSIDIARY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS – CONTINUED
FOR THE YEAR ENDED JUNE 30, 2015

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-through Grantor's Number	Federal Expenditures
U.S. Department of Housing and Urban Development:			
Pass-through from Georgia Department of Community Affairs Housing and Financing Authority:			
Shelter Plus Care - 2014	14.238	GA0130L4B001204 2012 12S SPC 12C360	95,339
Shelter Plus Care - 2014	14.238	GA0011L4B001306 2014 13S SPC 14C323	166,735
Shelter Plus Care - 2015	14.238	GA0130L4B001305 2014 13S SPC 14C325	121,319
Shelter Plus Care - 2015	14.238		<u>32,255</u>
Sub-total CFDA No. 14.238			<u>415,648</u>
Pass-through from Georgia Department of Community Affairs Housing and Financing Authority:			
Emergency Solutions Grant Program	14.231	2014 HTF EMS 147C075	<u>17,500</u>
Pass-through from Fulton County:			
Community Development Block Grant	14.218		<u>10,000</u>
U.S. Department of Homeland Security:			
Pass-through from United Way:			
Emergency Food and Shelter National Board Program	97.024	174000-235	<u>10,500</u>
U.S. Department of Transportation Federal Transit Administration:			
Pass-through from Atlanta Regional Commission and Jewish Family and Career Services:			
Job Access Reverse Commute 2015	20.516	AG1430	<u>36,932</u>
Total Federal Expenditures			<u>\$ 2,398,374</u>

See accompanying notes to Schedule of Expenditures of Federal Awards.

FAMILIES FIRST, INC. AND SUBSIDIARY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards summarizes the expenditures of the Agency under programs of the federal government for the year ended June 30, 2015 and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the provisions of Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic consolidated financial statements.

2. Accounting Principles

Expenditures for direct costs are recognized as incurred using the accrual method of accounting and the cost accounting principles contained in OMB Circular A-122, *Cost Principles for Nonprofit Organizations*. Under these cost principles, certain types of expenditures are not allowable or are limited as to reimbursement.

3. Sub-recipients

Of the federal expenditures presented in the Schedule, the Agency provided federal awards to sub-recipients as follows:

<u>CFDA Number</u>	<u>Program Name</u>	<u>Amount Provided to Sub-recipients</u>
93.659	Adoption Resource Center	\$109,000

BROOKS, MCGINNIS & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

TWO PREMIER PLAZA

5607 GLENRIDGE DRIVE, SUITE 650

ATLANTA, GEORGIA 30342

(404) 531-4940
FAX: (404) 531-4950

MEMBER OF AICPA
WWW.BROOKSMCGINNIS.COM

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
of Families First, Inc.:

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Families First, Inc. and Subsidiary (a nonprofit organization) (the Agency), which comprise the statement of financial position as of June 30, 2015, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon dated September 24, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Agency's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Brooks, McInnis & Company, LLC

Atlanta, Georgia
September 24, 2015

BROOKS, MCGINNIS & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

TWO PREMIER PLAZA

5607 GLENRIDGE DRIVE, SUITE 650

ATLANTA, GEORGIA 30342

(404) 531-4940
FAX: (404) 531-4950

MEMBER OF AICPA
WWW.BROOKSMCGINNIS.COM

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

To the Board of Directors
of Families First, Inc.:

Report on Compliance for Each Major Federal Program

We have audited Families First, Inc. and Subsidiary (the Agency)'s compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Agency's major federal programs for the year ended June 30, 2015. The Agency's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Agency's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Agency's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Agency's compliance.

Opinion on Each Major Federal Program

In our opinion, the Agency complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Report on Internal Control over Compliance

Management of the Agency is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Agency's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Brooks, McMinis & Company, LLC

Atlanta, Georgia
September 24, 2015

FAMILIES FIRST, INC. AND SUBSIDIARY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2015

Section I – Summary of Auditor’s Results

Financial Statements

The type of auditor’s report issued	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiencies identified that are not considered to be material weaknesses?	Yes
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
• Material weakness(es) identified?	No
• Significant deficiencies identified that are not considered to be material weaknesses?	None reported
Type of auditor’s report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133?	No

Identification of major programs:

<u>Name</u>	<u>CFDA Number</u>
U. S. Department of Health and Human Services:	
Statewide Adoption Services	93.659
Adoption Resource Center	93.659
Reunion Registry	93.659

Dollar threshold used to distinguish between type A and type B programs:	\$300,000
Auditee qualified as a low-risk auditee?	Yes

Section II – Financial Statement Findings None

Section III – Federal Award Findings and Questioned Costs None

FAMILIES FIRST, INC. AND SUBSIDIARY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2015

There were no prior year audit findings.

FAMILIES FIRST, INC.
AND SUBSIDIARY

OTHER INFORMATION AS REQUIRED BY
THE STATE OF GEORGIA DEPARTMENT OF HUMAN SERVICES

BROOKS, MCGINNIS & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

TWO PREMIER PLAZA

5607 GLENRIDGE DRIVE, SUITE 650

ATLANTA, GEORGIA 30342

MEMBER OF AICPA

WWW.BROOKSMCGINNIS.COM

(404) 531-4940
FAX: (404) 531-4950

INDEPENDENT AUDITOR'S REPORT ON OTHER INFORMATION

To the Board of Directors
of Families First, Inc.:

We have audited the consolidated financial statements of Families First, Inc. and Subsidiary for the year ended June 30, 2015 and have issued our report thereon dated September 24, 2015 which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The schedule of state contractual assistance is presented for the purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

Brooks, McGinnis & Company, LLC

Atlanta, Georgia
September 24, 2015

FAMILIES FIRST, INC. AND SUBSIDIARY
SCHEDULE OF STATE AWARDS EXPENDED
FOR THE YEAR ENDED JUNE 30, 2015

State Contract Number	DHS Program Code	Expenditures	Cash Receipts	Due From (To) State Agency	Contract Dates
Department of Human Services:					
Contract #427-00-040-0000022349 PREP		\$ 13,715	\$ 13,715	\$ -	10/1/13-9/30/14
Contract #427-00-040-0000033310 PREP		18,914	5,070	13,844	10/1/14-9/30/15
Contract #42700-401-0000031246 Parenting Time	150	130,347	107,811	22,536	7/1/14-6/30/15
Contract #42700-040-00000023412 Adoption - Assessment and Recruitment	301	309,800	184,208	125,592	7/1/14-6/30/15
Contract #42700-040-00000019893 Adoption - Reunion Registry	301	328,975	298,031	30,944	7/1/14-6/30/15
Contract #42700-040-00000019894 Adoption - Resource Center	301	620,214	609,623	10,591	7/1/14-6/30/15
Contract #42700-040C-20199 Foster Care Level of Service	389	1,977,711	1,802,041	175,670	7/1/14-6/30/15
Department of Community Affairs:					
Contract #2012 12S SPC 12 C360 Shelter a Family	N/A	95,339	95,339	-	12/1/13-11/30/14
Contract #2014 13S SPC 14 C325 Shelter a Family	N/A	121,319	101,712	19,607	12/1/14-11/30/15
Contract #2014 13S SPC 14 C323 Shelter a Family	N/A	166,735	166,735	-	4/27/14-4/26/15
No Contract Shelter a Family	N/A	32,255	-	32,255	4/27/15-4/26/16
Contract #2014 HTF EMS 147C075 Emergency Solutions Grant	N/A	17,500	-	17,500	7/1/14-6/30/15
DeKalb County DFCS:					
Contract #334-2650 TAPP	N/A	24,726	24,726	-	10/1/13-9/30/14
Gwinnett County DFCS:					
Contract #334-3520 Chispa	N/A	22,560	22,560	-	10/1/13-9/30/14
		<u>\$ 3,880,110</u>	<u>\$ 3,431,571</u>	<u>\$ 448,539</u>	

See Independent Auditor's Report on Other Information.

FAMILIES FIRST, INC.
AND SUBSIDIARY

OTHER SUPPLEMENTAL INFORMATION

BROOKS, MCGINNIS & COMPANY, LLC

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FAX: (404) 531-4950

MEMBER OF AICPA
WWW.BROOKSMCGINNIS.COM

INDEPENDENT AUDITOR'S REPORT ON OTHER SUPPLEMENTAL INFORMATION

To the Board of Directors
of Families First, Inc.:

We have audited the consolidated financial statements of Families First, Inc. and Subsidiary for the year ended June 30, 2015 and have issued our report thereon dated September 24, 2015, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the basic consolidated financial statements as a whole. The other supplemental information on pages 40 to 43 is presented for the purposes of additional analysis and is not a required part of the basic consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects to the financial statements as a whole.

Brooks, McGinnis & Company, LLC

Atlanta, Georgia
September 24, 2015

FAMILIES FIRST, INC. AND SUBSIDIARY
SUPPLEMENTAL SCHEDULE OF SELECTED PROGRAM SERVICES DATA
FOR THE YEAR ENDED JUNE 30, 2015

	Child and Youth Permanency				Family Sustainability and Empowerment				
	Foster Care	Adoption	COACHES	Total	Weaver Gardens	Shelter A Family	Community Case Mgmt.	Ways to Work	Total
Salaries	\$ 1,404,502	\$ 853,301	\$ 286,386	\$ 2,544,189	\$ 172,858	\$ 313,836	\$ 117,713	\$ 69,818	\$ 674,225
Benefits - Payroll Tax	105,521	64,073	21,686	191,280	13,236	24,361	9,198	5,472	52,267
Benefits - Other	140,537	63,519	33,228	237,284	19,439	39,448	11,723	9,093	79,703
Sub-total	1,650,560	980,893	341,300	2,972,753	205,533	377,645	138,634	84,383	806,195
Conferences, education and meetings	9,125	21,676	6,949	37,750	2,755	5,030	1,268	-	9,053
Equipment	2,666	2,474	556	5,696	333	1,218	278	145	1,974
Insurance	35,563	5,090	698	41,351	14,425	3,451	427	606	18,909
Transportation and vehicles	73,340	32,122	3,118	108,580	5,457	4,873	277	296	10,903
Miscellaneous	12,077	16,148	4,060	32,285	798	6,272	1,034	3,027	11,131
Interest expense	-	-	-	-	-	-	-	-	-
Bad debt expense	-	3,000	-	3,000	-	-	-	36,000	36,000
Rent and building maintenance	156,910	56,925	9,749	223,584	50,667	504,149	6,712	7,944	569,472
Office supplies	4,441	12,669	7,980	25,090	975	3,184	928	546	5,633
Outside services	29,122	271,298	7,986	308,406	-	155,505	16,047	2,643	174,195
Program supplies	34,917	6,225	-	41,142	11,148	16,528	20,524	9,377	57,577
Fundraising and special events	-	-	-	-	-	-	-	-	-
Capital campaign fundraising	-	-	-	-	-	-	-	-	-
Gift in kind expenses	-	-	-	-	-	6,674	-	-	6,674
Special Assistance-Family Dev. Ctr.	-	-	-	-	34,409	-	-	-	34,409
Special Assistance-Foster Care	648,455	-	-	648,455	56	138	218	-	412
Telephone	27,860	11,445	2,392	41,697	5,751	8,431	4,492	1,205	19,879
Brokerage and investment fees	-	-	-	-	-	-	-	-	-
Total expense before depreciation	2,685,036	1,419,965	384,788	4,489,789	332,307	1,093,098	190,839	146,172	1,762,416
Depreciation	82,946	3,460	729	87,135	14,010	1,026	589	282	15,907
Total expenses	\$ 2,767,982	\$ 1,423,425	\$ 385,517	\$ 4,576,924	\$ 346,317	\$ 1,094,124	\$ 191,428	\$ 146,454	\$ 1,778,323

(Continued on next page.)
See Independent Auditor's Report on Other Supplemental Information.

FAMILIES FIRST, INC. AND SUBSIDIARY
SUPPLEMENTAL SCHEDULE OF SELECTED PROGRAM SERVICES DATA – CONTINUED
FOR THE YEAR ENDED JUNE 30, 2015

	Healthy Families and Relationships						
	Teen Pregnancy	School Success	Parenting	Counseling	Trans- Parenting	Family Violence	Total
Salaries	\$ 326,410	\$ 135,910	\$ 97,102	\$ 480,756	\$ 98,967	\$ 64,059	\$ 1,203,204
Benefits - Payroll Tax	24,382	10,304	6,936	37,448	7,718	3,739	90,527
Benefits - Other	37,656	18,351	6,339	39,219	2,926	7,686	112,177
Sub-total	388,448	164,565	110,377	557,423	109,611	75,484	1,405,908
Conferences, education and meetings	9,433	2,107	-	4,496	-	391	16,427
Equipment	616	247	255	911	297	341	2,667
Insurance	1,623	-	820	16,043	12,072	303	30,861
Transportation and vehicles	20,185	4,489	463	5,808	2,487	1,588	35,020
Miscellaneous	4,071	-	1,646	8,646	76,897	734	91,994
Interest expense	-	-	-	-	-	-	-
Bad debt expense	-	-	51,385	-	-	-	51,385
Rent and building maintenance	12,388	-	5,310	96,906	10,180	5,585	130,369
Office supplies	2,022	28	1,493	5,438	3,171	104	12,256
Outside services	458	-	-	7,515	3,688	64,201	75,862
Program supplies	18,769	1,341	1,010	777	43	5,185	27,125
Fundraising and special events	-	-	-	-	-	-	-
Capital campaign fundraising	-	-	-	-	-	-	-
Gift in kind expenses	-	-	-	-	-	-	-
Special Assistance-Family Dev. Ctr.	-	-	-	-	-	-	-
Special Assistance-Foster Care	-	-	-	383	2,514	-	2,897
Telephone	8,830	747	5,096	15,579	1,096	2,275	33,623
Brokerage and investment fees	-	-	-	-	-	-	-
Total expenses before depreciation	466,843	173,524	177,855	719,925	222,056	156,191	1,916,394
Depreciation	1,357	827	361	4,865	-	377	7,787
Total expenses	\$ 468,200	\$ 174,351	\$ 178,216	\$ 724,790	\$ 222,056	\$ 156,568	\$ 1,924,181

See Independent Auditor's Report on Other Supplemental Information.

FAMILIES FIRST, INC. AND SUBSIDIARY
SUPPLEMENTAL SCHEDULE OF SELECTED PROGRAM SERVICES DATA
FOR THE YEAR ENDED JUNE 30, 2014

	Child and Youth Permanency			Family Sustainability and Empowerment				
	Foster Care	Adoption	Total	Weaver Gardens	Shelter A Family	Community Case Mgmt.	Ways to Work	Total
Salaries	\$ 1,366,169	\$ 907,038	\$ 2,273,207	\$ 182,229	\$ 428,603	\$ 138,359	\$ 70,380	\$ 819,571
Benefits - Payroll Tax	99,020	65,032	164,052	12,861	30,446	9,883	5,132	58,322
Benefits - Other	125,624	76,064	201,688	19,222	43,720	16,345	9,255	88,542
Sub-total	1,590,813	1,048,134	2,638,947	214,312	502,769	164,587	84,767	966,435
Conferences, education and meetings	10,314	17,620	27,934	26	6,901	1,801	2,394	11,122
Equipment	3,257	47	3,304	656	-	-	-	656
Insurance	39,126	5,580	44,706	14,263	3,575	182	725	18,745
Transportation and vehicles	84,937	32,504	117,441	8,356	5,725	1,498	752	16,331
Miscellaneous	11,083	20,697	31,780	662	2,470	546	2,179	5,857
Interest expense	-	-	-	-	-	-	-	-
Bad debt expense	-	3,000	3,000	-	-	-	30,000	30,000
Rent and building maintenance	148,560	23,251	171,811	41,016	571,929	1,139	3,605	617,689
Office supplies	5,632	8,673	14,305	831	1,638	738	745	3,952
Outside services	58,142	280,349	338,491	700	158,462	4,762	2,584	166,508
Program supplies	22,888	6,547	29,435	18,429	11,796	6,030	17,728	53,983
Fundraising and special events	-	-	-	-	-	-	-	-
Capital campaign fundraising	-	-	-	-	-	-	-	-
Gift in kind expenses	-	-	-	-	40	-	-	40
Special Assistance-Family Dev. Ctr.	-	-	-	53,897	-	-	-	53,897
Special Assistance-Foster Care	521,180	250	521,430	-	2,500	-	-	2,500
Telephone	26,305	11,797	38,102	6,560	9,339	2,291	1,049	19,239
Brokerage and investment fees	-	-	-	-	-	-	-	-
Total expense before depreciation	2,522,237	1,458,449	3,980,686	359,708	1,277,144	183,574	146,528	1,966,954
Depreciation	97,117	12,303	109,420	18,064	862	1,365	2,779	23,070
Total expenses	\$ 2,619,354	\$ 1,470,752	\$ 4,090,106	\$ 377,772	\$ 1,278,006	\$ 184,939	\$ 149,307	\$ 1,990,024

(Continued on next page.)
See Independent Auditor's Report on Other Supplemental Information.

FAMILIES FIRST, INC. AND SUBSIDIARY
SUPPLEMENTAL SCHEDULE OF SELECTED PROGRAM SERVICES DATA – CONTINUED
FOR THE YEAR ENDED JUNE 30, 2014

	Healthy Families and Relationships						
	Teen Pregnancy	School Success	Parenting	Counseling	Trans- Parenting	Family Violence	Total
Salaries	\$ 327,791	\$ 86,852	\$ 162,147	\$ 483,966	\$ 91,270	\$ 56,538	\$ 1,208,564
Benefits - Payroll Tax	22,087	5,244	11,926	34,152	6,832	3,071	83,312
Benefits - Other	32,483	11,619	5,854	51,331	4,167	4,940	110,394
Sub-total	382,361	103,715	179,927	569,449	102,269	64,549	1,402,270
Conferences, education and meetings	4,394	2,078	115	3,739	9,669	404	20,399
Equipment	-	-	-	-	-	-	-
Insurance	1,861	-	1,195	15,237	11,245	306	29,844
Transportation and vehicles	23,953	2,921	398	4,940	2,020	2,075	36,307
Miscellaneous	1,259	-	2,224	10,391	92,330	990	107,194
Interest expense	-	-	-	-	-	-	-
Bad debt expense	-	-	-	-	-	-	-
Rent and building maintenance	6,021	-	4,742	82,847	3,285	3,265	100,160
Office supplies	977	72	806	5,453	931	334	8,573
Outside services	543	840	173	3,208	-	77,802	82,566
Program supplies	17,710	5,031	376	1,014	526	6,427	31,084
Fundraising and special events	-	-	-	-	-	-	-
Capital campaign fundraising	-	-	-	-	-	-	-
Gift in kind expenses	-	-	-	-	-	-	-
Special Assistance-Family Dev. Ctr.	-	-	-	-	-	-	-
Special Assistance-Foster Care	-	-	-	35	-	-	35
Telephone	9,492	519	4,307	11,796	989	1,857	28,960
Brokerage and investment fees	-	-	-	-	-	-	-
Total expenses before depreciation	448,571	115,176	194,263	708,109	223,264	158,009	1,847,392
Depreciation	1,625	863	-	5,724	-	-	8,212
Total expenses	\$ 450,196	\$ 116,039	\$ 194,263	\$ 713,833	\$ 223,264	\$ 158,009	\$ 1,855,604

See Independent Auditor's Report on Other Supplemental Information.